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S E C R E T SECTION 01 OF 03 NEW DELHI 001422

SIPDIS

PASS TO NRC

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TAGS: [PGOV](#) [PARM](#) [MASS](#) [TRGY](#) [KNNP](#) [ETTC](#) [IN](#) [NSSP](#)

SUBJECT: ASSESSING NEAR-TERM OPPORTUNITIES FOR THE NSSP

REF: NEW DELHI 1261 AND PREVIOUS

Classified By: Ambassador David C. Mulford, for Reasons 1.4 (B, D)

1. (C) Summary: In hopes of avoiding a slowdown on key issues in the Next Steps in Strategic Partnership (NSSP), MEA Joint Secretary (Americas) S. Jaishankar outlined specific matters that require resolution during a February 18 meeting with visiting SA/RA Director John Schlosser, PolCouns, and PolMilOff. Jaishankar was optimistic that several upcoming visits can focus both governments on steps to remove current obstacles. In a separate meeting, Department representatives at Embassy New Delhi identified several opportunities in the near-term to maintain momentum on the NSSP. End Summary.

2. (C) Schlosser began the February 18 meeting by outlining progress in several areas under the Next Steps in Strategic Partnership (NSSP) initiative recently: the first meeting of the HCTG defense industry group on the margins of AeroIndia, positive dialogue between India's nuclear establishment and Nuclear Regulatory Commissioner Merrifield, as well as a trilateral discussion between the US Department of Energy, the IAEA, and GOI on the Regional Radiological Security Partnership. As a result of completion of Phase One, the classified PAC-2 briefing was set for February 22, proving that the quality of the dialogue between the GOI and USG has improved dramatically. Expressing appreciation for Jaishankar's efforts to stimulate the GOI to make progress on its export control commitments in Phase Two of the NSSP, Schlosser went on to urge the GOI to provide a copy of draft export control legislation, acknowledging that this would be "crossing the rubicon" for the GOI to provide draft legislation to another country.

Nuclear Irritants

3. (C) Jaishankar responded that providing this legislation has been a harder nut to crack than we thought due to foot-dragging by NSSP skeptics, especially in India's Department of Atomic Energy (DAE). "Without the support of the nuclear establishment, we're trying to drive with the brakes on," he quipped. Recalling the positive response of India's nuclear establishment to NRC Merrifield's comments during his February 8-11 visit to India (reftels), Jaishankar appealed for more flexibility regarding collaboration on nuclear safety, "not legislative changes, but greater latitude." Jaishankar admitted, however, that he understands Merrifield doesn't necessarily speak for the Administration, much less for the Nuclear Suppliers Groups (NSG). Any changes to the NSG's approach to India would require consensus among its members, Schlosser noted. Jaishankar countered that some NSG members tell India they would be willing to support greater flexibility in interpreting NSG safety guidelines, but are constrained by the US. Jaishankar asserted that the issue of nuclear fuel supply is particularly urgent for India. "If we're pushed to the wall on this, we'll have to look at options that are uncomfortable for all of us," Jaishankar warned.

4. (S) Referring to outstanding nonproliferation cases, namely, two Indian scientists sanctioned for involvement in Iran's WMD program, and an older case of Russian assistance to India's ballistic missile program, Jaishankar cautioned that these encourage some in the GOI to question US commitment to partnership with India. The GOI has offered to show copies of the scientists' passports to determine the extent of their travel to Iran, but lack of response from the US has "soured" some on the Indian side, according to Jaishankar. The Joint Secretary complained that Washington has pushed opposition to any Indian cooperation with Iran to "ridiculous heights," adding that New Delhi does not view Iran as a state sponsor of terrorism. Jaishankar added that Washington seems not to acknowledge its double standard of assisting Pakistan, nor sanctioning it for damage done by the AQ Khan network.

5. (S) Expressing Washington's awareness of Indian sensitivities about these cases, Schlosser pointed out that there is evidence that Russian assistance is ongoing. Further, some of these irritants could be removed if India brought its export controls in line with international standards. Any effort the GOI is making on export control cooperation with other countries, e.g., the UK, Japan, Australia, would be viewed positively by the US, Schlosser

added.

Misunderstanding on Space Collaboration

16. (C) On civil space cooperation, Jaishankar admitted there may be genuine misunderstanding of the phased nature of the NSSP within the Indian Space Research Organization (ISRO), but there is also a perception that the US is not using existing latitude to make progress on space issues. "Some in the US adhere to the letter) not the spirit) of the NSSP," he said, adding, "I need some help from you to move this along."

Possible Progress during Upcoming Visits

17. (C) Noting that Defense Secretary Rumsfeld's brief visit to New Delhi accomplished more progress on defense sales in one day than both sides had been able to achieve in the previous months, Jaishankar was confident that upcoming visits by FM Natwar Singh to Washington in April, as well as proposed visits by A/S Rocca, and a hoped for visit by President Bush later this year will focus both sides on realistic steps to move forward. Jaishankar will be in Washington February 28 - March 2 to learn more about the Container Security Initiative, and expressed interest in meeting with counterparts on all aspects of the NSSP, including A/S Rocca, A/S Rademaker, and new Commerce Acting U/S for Industry and Security Lichtenbaum.

Embassy Identifies Other Opportunities

18. (C) Prior to meeting with Jaishankar on February 18, Embassy representatives met to brief Schlosser about the current state-of-play on the NSSP and review upcoming opportunities to move some of these issues forward within both the GOI and USG, especially in light of upcoming high-level meetings. It is clear from meeting with our GOI interlocutors on several fronts that GOI expectations are high for visible progress on NSSP issues during these upcoming engagements. EmbOffs identified several immediate opportunities for progress:

-- Nuclear: We can capitalize on Merrifield's visit to move forward on issues under NRC's purview, showing India's nuclear establishment that progress in the civil nuclear area is not a pipe dream. GOI will likely propose an energy dialogue (to include nuclear issues as well) at the April 5 Rice-Natwar meeting.

-- Onward Proliferation: A Rademaker-Shankar meeting in Washington could help clear the backlog of older cases. The GOI will continue to insist on sharp distinctions between onward proliferation and "inward" cases such as the Russian propellant mixers and conventional weapons transfers. It would be useful to triage our list of outstanding cases to remove those no longer of active USG concern.

-- Space: The Indians have promised a think-piece on possibilities for space collaboration, perhaps to be delivered before the April Rice-Natwar meeting. Firewalls within the ISRO complex are being developed, mostly because of commercial concerns within ISRO.

-- Export Controls: We are still waiting for some GOI movement on draft legislation on export controls, especially regarding catch-all controls, intangible technology transfers, and transit and trans-shipment. Sharing draft legislation on export controls with us would be an unprecedented step for the GOI, but as Jaishankar mentioned, this is being opposed by DAE for lack of progress on India's request for the US to demonstrate flexibility on the safety exception to the Nuclear Suppliers Group. On training, in a February 23 meeting with AC/RSS Director Gromoll and SA/RA Director Schlosser, MEA Additional Secretary Meera Shankar explained that difficulties in scheduling a planned customs enforcement exchange were due to personnel shifts and not to any lack of commitment to the Export Control/Border Security Program on their part. The GOI will not be able to host the next EXBS event until April at the earliest, but if we are able to do it in the US, it could be scheduled before April.

-- High-Tech Trade Facilitation: As recent HTCG events indicate, there is still considerable confusion among industry about how to access US high-tech goods as envisaged by the NSSP. There could be near-term progress on biotechnology, but longer-term movement will require establishing a timeline for creating a better regulatory and implementation framework for customs and law enforcement, based on capacity-building programs and technical exchanges. We are getting encouraging signals from the Ministry of Commerce and Industry that the level of attention attached to trade facilitation under the Trade and Commerce Tracks of the Economic Dialogue has increased based on strong direction from Minister Kamal Nath to work cooperatively with the US.

Commerce Secretary S.N. Menon told us on February 24 that he wants to expand cooperation on standards and expeditious clearing of high technology goods through Indian ports based on a new integrated tracking system soon to be in place (septel).

-- Missile Defense: Tangible deliverables include the February 22 PAC-2 Gem Plus classified briefing (septel), followed by a missile defense workshop organized by the Missile Defense Agency in Hyderabad, 3-4 March. A possible POTUS-level deliverable might induct India as part of the Defense Technology and Security Initiative (DTSI) to streamline licensing authorizations for NATO countries, Major Non-NATO Allies, Japan, Australia, and Sweden. We should also reply favorably to the Indian request for a missile defense technical cooperation agreement.

Comment

19. (C) Mil-mil engagement with India is sailing along unfettered by the legacy issues that continue to stymie progress in the nuclear and space arenas. One could think of a strategy where rapid implementation of export control legislation and regulations by India would result in an immediate suspension of unilateral controls the US applies on exports to the Indian space program. These programs appear to be making genuine efforts to disassociate themselves from India's ballistic missile program. In addition, as India is desperately short of natural uranium to fuel its stable of power-producing nuclear reactors, perhaps resurrecting the August 8, 1963 "Bilateral Agreement on Cooperation for Civilian Uses of Atomic Energy" as it regards to the Tarapur 1 and 2 reactors, may provide avenues for the Indian nuclear and space establishments to get on board the NSSP for good.

End Comment.

MULFORD